

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

In re: Carter's Grove, LLC

Case No.

11-30554 (TEC)

CHAPTER 11

MONTHLY OPERATING REPORT

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 02/28/11

PETITION DATE:

02/14/11

1. Debtor in possession hereby submits this Monthly Operating Report on the Accrual Basis of accounting.

Dollars reported in \$1

<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
\$0		
\$21,156,418		\$21,156,418
\$0		
\$12,490,476		\$12,490,476
		<u>Cumulative (Case to Date)</u>
<u>Current Month</u>	<u>Prior Month</u>	
\$0		\$0
\$0		\$0
\$0		\$0
\$0		\$0
\$0		\$0
		<u>Cumulative (Case to Date)</u>
<u>Current Month</u>	<u>Prior Month</u>	
N/A	N/A	N/A
\$0		
\$0		
\$0		

At the end of this reporting month:

- | | | | |
|-----|--|-------------|---|
| 8. | Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | <hr/> <hr/> | X |
| 9. | Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | <hr/> <hr/> | X |
| 10. | If the answer is yes to 8 or 9, were all such payments approved by the court? | <hr/> <hr/> | |
| 11. | Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | <hr/> <hr/> | X |
| 12. | Is the estate insured for replacement cost of assets and for general liability? | <hr/> <hr/> | X |
| 13. | Are a plan and disclosure statement on file? | <hr/> <hr/> | X |
| 14. | Was there any post-petition borrowing during this reporting period? | <hr/> <hr/> | X |
| 15. | Check if paid: Post-petition taxes <u>N/A</u> ; U.S. Trustee Quarterly Fees <u>Not yet due.</u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u>Not yet due.</u>
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.) | | |

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 03/31/11

Responsible Individual

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BALANCE SHEET
For the Month Ended 02/28/11

		Check if Exemption Claimed on Schedule C	Market Value
Assets			
Current Assets			
1 Cash and cash equivalents (including bank accts., CDs, etc.)			\$0
2 Accounts receivable (net)			\$0
3 Retainer(s) paid to professionals			\$0
4 Other: _____			\$0
5 _____			_____
6 Total Current Assets			\$0
Long Term Assets (Market Value)			
7 Real Property (residential)			\$21,000,000
8 Real property (rental or commercial)			_____
9 Furniture, Fixtures, and Equipment			\$149,918
10 Vehicles			\$6,500
11 Partnership interests			\$0
12 Interest in corporations			\$0
13 Stocks and bonds			\$0
14 Interests in IRA, Keogh, other retirement plans			\$0
15 Other: _____			\$0
16 _____			_____
17 Total Long Term Assets			\$21,156,418
18 Total Assets			\$21,156,418
Liabilities			
Post-Petition Liabilities			
Current Liabilities			
19 Post-petition not delinquent (under 30 days)			\$0
20 Post-petition delinquent other than taxes (over 30 days)			\$0
21 Post-petition delinquent taxes			\$0
22 Accrued professional fees			\$0
23 Other: _____			\$0
24 _____			_____
25 Total Current Liabilities			\$0
26 Long-Term Post Petition Debt			
27 Total Post-Petition Liabilities			\$0
Pre-Petition Liabilities (allowed amount)			
28 Secured claims (residence)			\$12,422,064
29 Secured claims (other)			_____
30 Priority unsecured claims			\$14,992
31 General unsecured claims			\$53,420
32 Total Pre-Petition Liabilities			\$12,490,476
33 Total Liabilities			\$12,490,476
Equity (Deficit)			
34 Total Equity (Deficit)			_____
35 Total Liabilities and Equity (Deficit)			\$12,490,476

NOTE:

The value of the real property is based off an appraisal dated 10/19/2009. The appraisal uses both the "Cost Approach" and "Comparable Sales Approach." The value of the equipment is based on the purchase price in 12/07 and subject to depreciation since the date of purchase.

SCHEDULES TO THE BALANCE SHEET

Schedule A Rental Income Information

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property	_____	_____	_____
2 Scheduled Gross Rents	_____	_____	_____
Less:			
3 Vacancy Factor	_____	_____	_____
4 Free Rent Incentives	_____	_____	_____
5 Other Adjustments	_____	_____	_____
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)	_____	_____	_____
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

Schedule B Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank	_____	_____	_____
11 Account No.	_____	_____	_____
12 Account Purpose	_____	_____	_____
13 Balance, End of Month	_____	_____	_____
14 Total Funds on Hand for all Accounts	\$0		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 02/28/11

		Actual <u>Current Month</u>	Cumulative (Case to Date)
Cash Receipts			
1 Rent/Leases Collected		\$0	\$0
2 Cash Received from Sales		\$0	\$0
3 Interest Received		\$0	\$0
4 Borrowings		\$0	\$0
5 Funds from Shareholders, Partners, or Other Insiders		\$0	\$0
6 Capital Contributions		\$0	\$0
7			
8			
9			
10			
11			
12 Total Cash Receipts		\$0	\$0
Cash Disbursements			
13 Selling		\$0	\$0
14 Administrative		\$0	\$0
15 Capital Expenditures		\$0	\$0
16 Principal Payments on Debt		\$0	\$0
17 Interest Paid		\$0	\$0
18 Rent/Lease:			
19 Personal Property		\$0	\$0
20 Real Property		\$0	\$0
21 Amount Paid to Owner(s)/Officer(s)			
22 Salaries		\$0	\$0
23 Draws		\$0	\$0
24 Commissions/Royalties		\$0	\$0
25 Expense Reimbursements		\$0	\$0
26 Other		\$0	\$0
27 Salaries/Commissions (less employee withholding)		\$0	\$0
28 Management Fees		\$0	\$0
29 Taxes:			
30 Employee Withholding		\$0	\$0
31 Employer Payroll Taxes		\$0	\$0
32 Real Property Taxes		\$0	\$0
33 Other Taxes		\$0	\$0
34 Other Cash Outflows:		\$0	\$0
35			
36			
37 Total Cash Disbursements:		\$0	\$0
38 Net Increase (Decrease) in Cash		\$0	\$0
39 Cash Balance, Beginning of Period			
40 Cash Balance, End of Period		\$0	\$0